RSC Republican Study Committee

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RSC Info Alert: Updated CBO Score of the Senate Bill Combined with the Reconciliation Bill

Thought you might be interested in the new CBO score for the Reconciliation bill incorporating the Manager's Amendment

Of note, CBO has found that enacting reconciliation would:

- Slightly decrease the gross cost of coverage by $2 billion (to $938 billion) due to a reduction in premium subsidies
  - The "true cost" of the bill once fully implemented (FY2014-2023), according to Senate Republican Budget Committee staff, is **over $2.6 trillion not including education spending**.
- Increase the federal budgetary commitment to health care over the 2010–2019 period by $180 billion dollars (to $390 billion)
- Increase the cuts to Medicare by $5 billion (to $528.3 billion)
- Increase the cuts to Medicare Advantage by $3.8. billion (to $135.6 billion)
- Increase federal spending on Medicaid / CHIP by $48 billion (to $434 billion)
- Further close the Medicare Part D "donut hole" by increasing the drug discount program by $5 billion (to $42.6 billion)
- Increase the Medicare cuts from the Independent Payment Advisory Board (IPAB) by $2.2 billion (to $15.5 billion)
- Increase the net deficit reduction by $5 billion (to $143 billion, $124 billion from health care and $19 billion from education) with $114 billion "on-budget" and $29 billion "off-budget" due to changes in the Manager's Amendment to Social Security Trust fund provisions among other items.
- Cause 8-9 million people to lose employer sponsored coverage
- Add $400 million in spending from modifications to the Practice Expense (PE) Geographic Adjustment

- Add $400 million for payments for "qualified hospitals"
- Reduce savings by $300 million due to removing the CMS-IRS Data Match to identity fraudulent providers provision

Key CBO Quotes

Unfunded mandates: "If both the reconciliation proposal and H.R. 3590 were enacted, that combination would impose similar mandates on both intergovernmental and private-sector entities with costs exceeding the thresholds established in UMRA. The incremental effect of enacting the reconciliation proposal— assuming that H.R. 3590 had already been enacted—would be to increase the costs of the mandates on private-sector entities. That increase in costs would exceed the annual UMRA threshold as well". (Page 16)

CBO has doubts that long term cost containment mechanisms will remain intact:

- "Those longer-term calculations reflect an assumption that the provisions of the reconciliation proposal and H.R. 3590 are enacted and remain unchanged throughout the next two decades, which is often not the case for major legislation."
- "The reconciliation proposal and H.R. 3590 would maintain and put into effect a number of policies that might be *difficult to sustain* over a long period of time. Under current law, payment rates for physicians' services in Medicare would be reduced by about 21 percent in 2010 and then decline further in subsequent years; the proposal makes no changes to those provisions. At the same time, the legislation includes a number of provisions that would constrain payment rates for other providers of Medicare services. In particular, increases in payment rates for many providers would be held below the rate of inflation (in expectation of ongoing productivity improvements in the delivery of health care). The projected longer-term savings for the legislation also reflect an assumption that the Independent Payment Advisory Board established by H.R. 3590 would be fairly effective in reducing costs beyond the reductions that would be achieved by other aspects of the legislation."